



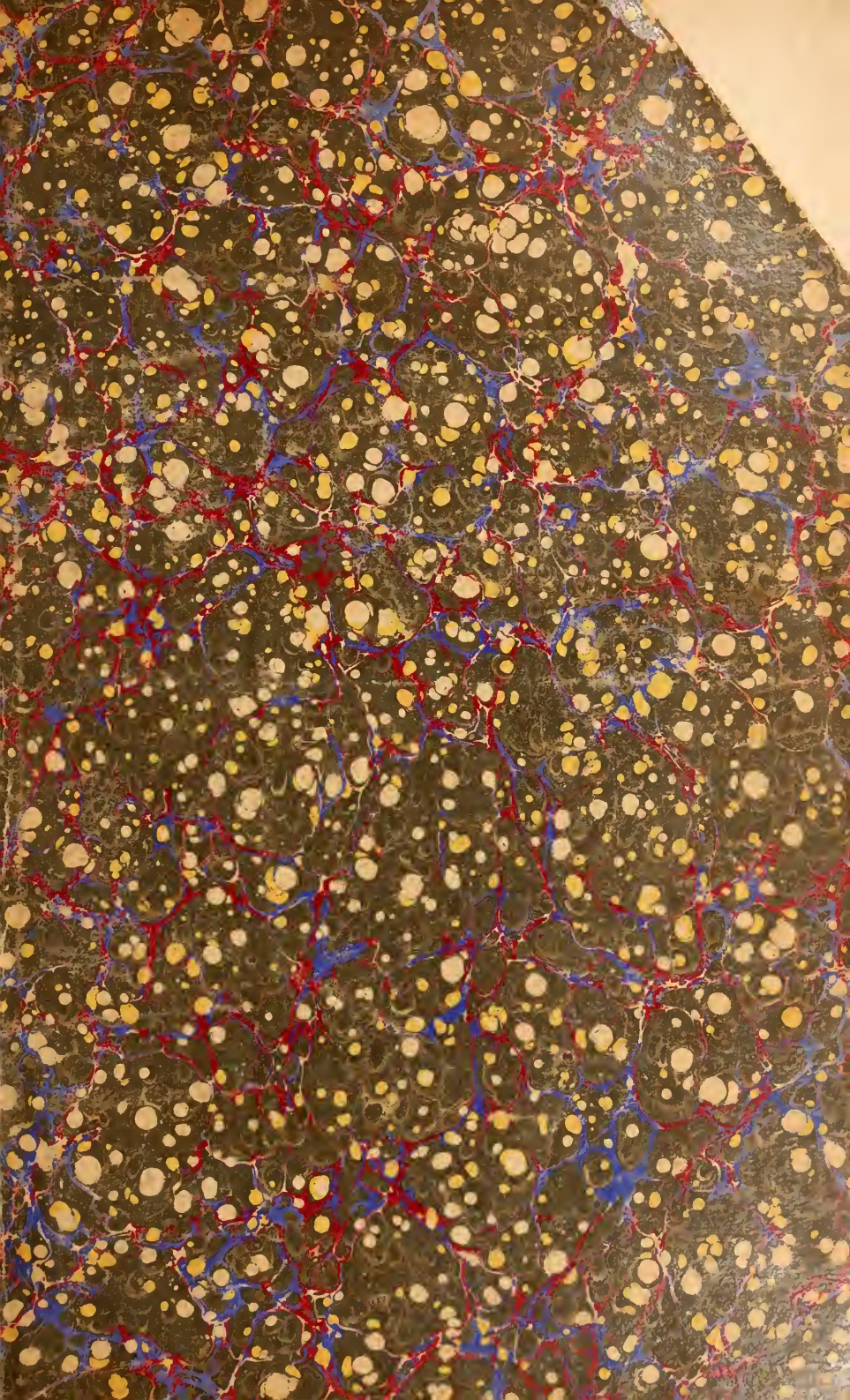
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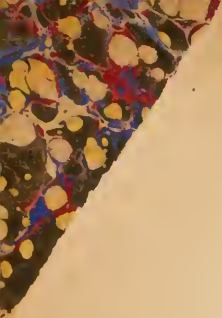
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CURRENCY AND FINANCE.

SPEECH OF HON. HENRY W. BLAIR,

OF NEW HAMPSHIRE,

IN THE HOUSE OF REPRESENTATIVES, THURSDAY, MAY 18, 1876.

The House being in Committee of the Whole on the state of the Union and having under consideration the bill (H. R. No. 79) to provide for a national currency and for other purposes—

Mr. BLAIR said:

Mr. CHAIRMAN: The most absorbing and important political issue of the day, excepting the condition of the South and the purposes of her leaders, is the industrial and financial condition of the whole country.

As in all confused discussion of questions, the determination of which is within the limit of human powers and required by human necessities, so in this, one of the chief difficulties arises from the fact that fundamental truths are overlooked or ignored, and the combatants strike wildly at phantoms in the air, false theories and issues abound, and secondary questions are elevated into undue importance when careful examination of elementary principles and reflection upon them, until they are clearly comprehended, would lead all sound minds to the same conclusions.

I conceive that the real contest now raging in this country is not between those who differ as to the when and the how of returning to specie payments—that is, to coined property as the best visible representative of abstract value, and its most accurate and unvarying measure in contracts and exchanges—but between all who believe that value requires a concrete measure, in order that mankind may transact the business of life, a belief which is a part of the soul, an innate idea clearer than an axiom, and illustrated by the spontaneous and necessary practice of the human race in all ages, both in the barbarous and in the civilized states, under all forms and under no forms of government, because independent of and more necessary than any government to the existence of men, is a material standard of value, which in itself possesses value as a commodity; and those, on the other hand, who deny totally this theory of all time, and claim that real money is not intrinsically property, but a mere token or sign, endowed with power to cancel debts by positive law, which enforces its mandate by denying further remedy in the courts. In other words, it is a dispute as to the real nature and uses of money and of exchange.

PRIMARY TRUTHS.

I beg pardon for calling attention to a few primary truths. First, to the universal law of labor. Compliance with this law alone creates value. Labor is that which confers values. Without it few commodities would exist at all, and those which did would lack essential worth; and the relative value of all depends upon the quality and amount of intellectual and manual labor bestowed upon them. Kindly nature furnishes the clay and straw, but we must apply labor or starve. Skill results from practice, and hence every man devotes himself to the production of some particular thing and not of everything in general. This is the division of labor.

Again, resulting from compliance with this universal law and the further truth that labor belongs to the laborer, because man is not a slave, is the essential and inalienable right of every man to the ownership of that which his labor has produced and to dispose of it as his inclination or wants require. Now the primal wants of mankind are food, clothing, and protection from the elements. These are in the highest sense necessities, for without them life cannot exist; and there is a great diversity of employments and productions for the purpose of supplying these wants. And as no man has produced or can produce all that is necessary to enable him to live, men must exchange the produce of their industries. Here lies the fundamental idea of convertibility. It is found imperfectly in exchange by barter, that is, the exchange of articles which have no common measure of value, and which are the immediate objects of desire between the parties; as, for instance, when a farmer desires to exchange the produce of his fields with the manufacturer of cloths who is in want of food. The inequality of the relative value of the things to be exchanged compelled the invention of money. I refer to real money, which is property, and not a creation of government; gold and silver being universally used as such by civilized people, because they have the quality of absolute convertibility among all nations. That is, a man having any kind of property can convert it into gold and silver, and that silver or gold will buy any property whatever in any country. But we should not lose sight of the fact that it is an exchange of properties just as much as where men swap horses or oxen or farms. In every honest trade or sale ever made there was, or was designed to be, an exchange of values, which had been produced by equivalent amounts of labor at some time applied to the commodities exchanged. If a horse is exchanged for \$100 in gold, then if the sale is a fair and just sale, the average cost of producing and training horses of like quality is just the same as the cost of producing \$100 in gold coin.

Gold and silver are selected as the commodities which shall be used as the measures of values, because of their great worth in small bulk, their scarcity requiring protracted labor to obtain them, their durability, malleability, and beauty, which render them desirable in the arts, for personal ornaments, and many other uses, all combining to give these metals uniformity of value and especially as money.

Now these precious metals do not cease to be property because they are converted into money, nor is the act of Government coinage necessary to make them money. Government can make them legal tender, and thus increase somewhat their usefulness; but they are money by virtue of their own nature and the universal assent and sanction of mankind.

A piece of gold is worth as much before coinage as afterward, less the charge of the

Mint. Even if demonetized by act of government—that is, deprived of its quality as a legal tender—it will still continue in use somewhere among mankind as money, simply because it is made money by virtue of its own nature and its adaptation to the necessities of society. Thus it is apparent that real money may be defined as that form of property which is by its own intrinsic qualities adapted to facilitate the exchange of commodities in general, and therefore, by consent of mankind, applied to that use.

But it is found by experience that credits must exist in the very nature of things.

Capital is a very broad term, and in one sense it embraces all the factors of production, land, implements, muscle, brain, in short all the elements of power applied to the creation of property. But the ownership of capital is often in the aged, the sick, the retired, the incompetent, in those who lack either the capacity or disposition to use it, while, on the other hand, those possessing capacity, endurance, and enterprise lack the accumulated wealth or capital which is the necessary foundation of business. These parties meet. It is natural and often indispensable for us to put faith in each other; it is generally kept. Here, then, is the foundation of credit, which is the transfer of an actual property for a promise or an act of the mind.

Now all that gives value to the promise when it is used as a medium of sale or exchange is confidence that it will be performed. Another promise replacing the first is not performance, although, if confidence, which is a state of the mind, remains unshaken, the credit may be extended by the substitution of the new promise for the old one. But it is apparent that the promise must some time be kept by an actual payment or redemption in actual property for that originally received, otherwise the creditor or his assignee is wronged and confidence, the basis of all credit, must disappear. Contracts are not always kept, and disputes arise as to their obligations; hence society establishes courts of justice, and these fortify our faith in each other by compelling performance, and thus serve as a most essential basis of credit. The judgments of courts must be paid, not in promises, but in property, if it can be found from which to obtain satisfaction. And here again arises a new necessity for the existence of money, or fixed measure of value known to the civil law, in which its decree may be intelligibly expressed and by which it can be satisfied, which measure of value is called legal tender. This should of course be and, when things are in their normal state, is gold or silver, the money of the world. Sometimes temporarily a nation is obliged to substitute for its own indebtedness and that of its citizens a promise to pay, instead of an actual commodity, as a legal tender, as, for instance, the greenback for coin. The greenback is a promise. Like that of an individual, its value depends wholly upon its being performed—paid; and it is only in that faith that it circulates among the people. The act of Government making it a legal tender cannot give a permanent value to it. Replacing it with a new promise, whether a bond or otherwise, will give it no more value. Nothing but payment or belief in payment can give a permanent value to a promise. Payment in lies is poor stuff, no matter who tells them.

I trust the House will pardon me for the liberty I have taken in calling attention to these, as they appear to me to be, self-evident truths, because they are directly contravened by the teachings of able men upon this floor and throughout the land—teachings which, although they may be popular for a time, are in my judgment of pernicious effect upon the business and honesty of the country; and I beg leave to examine more closely the doctrines of the advocates of a paper currency not redeemable in coin.

THE AMERICAN SYSTEM OF FINANCE.

"The American system of finance," so called, is to my apprehension substantially the same, whether expounded by the distinguished and eloquent gentleman from Pennsylvania or by the subtle and analytical intellect of the gentlemen from Illinois, or by Mr. Britton A. Hill or General Butler in their able expositions of their views of the principles of finance and the proper application of those principles to the affairs of this country.

The substance of all their theories is, first, the abolition of property in any form as a medium of exchange and circulation, and, second, the substitution therefor of some cheap material, which, being stamped with a mark or inscription by which it may be identified and being made a tender by law for the satisfaction of debts both public and private, shall be money, and, by force of the statutes of the land, the only real money of the American people. Gold and silver will be demonetized, and will continue to exist only as wheat, corn, horses, houses, and lands exist; that is, in the form of commodities. They could still be bought and sold, and by common consent could still remain in use as money; but they would not be money. Their transfer from hand to hand would be mere barter or exchange.

Now, under the system of finance which has thus far obtained upon earth, it will be observed, as already shown, that whenever men trade with each other, if there is any difference in the values of the properties exchanged to be adjusted, that difference is paid in actual money, which is just as much property as potatoes, iron, or tin, or that a credit is given for the balance that may be due; that is, a promise to pay it is accepted instead of the actual delivery of property at the moment of the principal transaction. The credit is simply payment deferred. Thus each party gets an equivalent value in property or in a promise, the performance of which is relied upon, and is therefore treated as property. But this new system abolishes both property and promise from the legal-tender circulation of the country. It substitutes for them an act of law compelling the creditor to receive a thing worthless in itself, having no substantial value except what lies in the law making it a legal tender. The new legal tender is to be no promise to pay, nor is it to be a commodity having any value in itself except what lies in the fact that the creditor is compelled to receive it or lose his claim absolutely. It is the same as to say that one grain of corn shall be legal tender for a farm, two grains of corn for two farms. Chips, shells, paper, bits of tin, iron, silver, copper, zinc, or gold, or any other substance capable of being marked or of receiving a durable impression can be made money by act of law, having a paying power according to the amount which the law shall prescribe without regard to the

value of the thing selected to perform this function as a commodity.

A piece of silver which is now of the value of \$1 could be made legal tender for one hundred or one thousand; a five-dollar gold piece could by law be transformed into one or ten thousand dollars by act of Congress, while a bit of tin no larger than the ear of a mouse could be made a legal tender in full satisfaction of a debt of millions of dollars actual value in the coin currency of the world, according to the astonishing pretensions of this "new national system of finance," as it is reverently called by its advocates. It is better than the miracle of the alchemist performed. It does not, for it needs not, transmute anything into gold; for gold as money is no better than brass. It does better. It creates out of nothing, and, if made universal, would enable one of our enterprising Yankees, if he could get trusted for the universe, to pay for it with a wormy wooden nutmeg, provided it had received the Government stamp.

That I state the position of the advocates of paper currency, irredeemable in any kind of commodity by the Government correctly will be seen from the following extract from the speech of Hon. ALEXANDER CAMPBELL, delivered on this floor January 29, 1876:

Money is a legalized agent, invented to facilitate the exchanges of property and products and to pay debts. To be fitted for the performance of these functions it must have uniform credit and equal legal powers in the payment of debts throughout the jurisdiction of the government instituting it and putting it into circulation. These properties or powers are imparted to it by the law making it a tender in the payment of debts, and are in no degree dependent upon the quantity or quality of the material by which they are expressed. The only thing that gives one substance the preference over another for the material of money is its superior convenience. It has no material value but only an immaterial or legal value.

And again, in Hill upon Absolute Money, page 47, the author says:

This national money should not have any intrinsic value whatever, nor should it bear the character of a "promise to pay," since in either case it would become a purchasable commodity, and the money of the nation must not be purchasable.

In his address before the New York Board of Trade, delivered October 14, 1875, Hon. Benjamin F. Butler says, page, 19:

Third. I want that dollar—

Speaking of the dollar which he would introduce in his system of finance—stamped upon some convenient and cheap material of the least possible intrinsic value, so that neither its wear nor its destruction will be any loss to the Government issuing it.

Fourth. I also desire that the dollar be made of such material, for the purpose that it shall never be exported or desirable to carry out of the country. Framing an American system of finance, I do not propose to adapt it to the wants of any other nation, and especially the Chinese, who are nearly one-quarter of the world.

Fifth. I desire that the dollar so issued shall never be redeemed. I see no more reason why the unit of measure of value should be redeemed or redeemable than the yardstick with which I measure my cloth or the quart with which I measure my milk should be redeemed.

This issue, then, is fundamental. It must be settled. Here, sir, is the pivot upon which turns the whole financial question now agi-

tating the country, and there never can be real business prosperity until the people have thought this thing through and out.

The advocates of the present financial system of this and of all nations assert that money is tangible property, the equal in value of that for which it is exchanged, and that where paper is a substitute for money it contains the promise of such value to be paid in true money on the part of the source of issue; and the confidence that such promise will be kept is all that gives permanent value and currency to any kind of paper or promissory circulation.

They assert that the proposed elimination of the promise of the Government to pay will destroy the value of any paper money which the American or any other government can issue. On the other hand, the advocates of absolute money deny this and claim that the promise is unnecessary, and the Government stamp and compulsory laws making paper legal tender for debts will make the paper the same or better than coin for all monetary purposes.

WHICH IS RIGHT?

Which is right? The answer to this question settles the whole discussion. Now, it is idle to say that Government has not the physical power to create a new legal tender, out of any substance or out of no substance whatever, for existing debts. It can abolish the courts and all legal remedies. It can repudiate its own obligations and decree universal liquidation of all debts, both public and private. The nation, by constitutional or other legislation, can prohibit the contraction or payment of any indebtedness whatever; that is, the power resides in sovereignty to confiscate all property of the citizen. But the question is not as to its power, but as to its right to destroy. I assert that the creation of a legal tender which the creditor is bound to accept in satisfaction of his debt, which tender is neither actual property having dimensions and salable value in the market and money of the world, of the same nominal and real worth as his demand, nor the promise of Government, nor of a bank, nor of any other party whose promise the law does not make equivalent to performance, is repudiation and confiscation, and nothing else. The creditor may be thus robbed of his existing debt contracted in good faith upon a promise to pay, but the operation will stop there. No man can be persuaded again to part with his property on trust. He will resort to barter, excepting so far as he relies for payment upon the force of honor, and credit will forever cease among men.

It is no reply to say that the greenback is a promise not redeemed, but is still accepted as a measure of value and medium of exchange, though fluctuating and far below the value of gold. Nothing gives the greenback the least value to tempt men into new commercial transactions but the belief that it will be paid. It is simply a broken promise, not bearing interest. The fact that the time when it will be paid is unknown depreciates but does not destroy its value, because there is still faith in the promise of the Government; and meanwhile it is available as a legal tender to discharge existing debts. It is true also that the fact that it bears no interest causes less depreciation than in case of an ordinary debt, the time of payment of which is

uncertain and which bears no interest, for the legal-tender quality of the greenback keeps it in constant circulation. No man possesses a given bill longer than he is obliged to. He pays it out to cancel an interest-bearing debt which he owes, or lends it to some one who will pay him interest, and who in his turn cancels a debt, or engages in business with it as capital, the profits upon which he hopes will be more than equivalent to the rate he pays for its use. Thus, although payment is deferred, yet the ability and intention of the promisor to pay is not questioned, and there is but small depreciation of the Government promise; and whenever the time of payment is made certain, and is so nearly reached that the greenback can be profitably held as an investment, for the margin between its existing value and coin it is sure to be hoarded for the sake of this interest and gradually to appreciate to par value with coin, regardless of the amount of bills to be redeemed. Satisfy the holder of the greenback that he will be paid in gold dollar for dollar at a fixed time, and every one of them will be already funded except what the demands of the country keep in circulation as a medium of exchange.

But it is wholly incorrect to draw the inference, as the advocates of the "great American system" do, because the dishonored promise of the Government still floats that mere paper would do so, and I reiterate what I have already said to show why it cannot and the crime it would be to make the attempt. Every sale, or exchange, or commercial transaction whatever is an exchange of property or values supposed and agreed by the parties to be equal. It is so in the nature of things. It can be nothing else. Legislation is powerless to make it anything else. It would be an exchange of equal supposed values if there were no civil government whatever and a legal tender was impossible. The civil law can create nothing. It merely facilitates a transaction which would still be necessary and would still be the same if civil laws and courts for the enforcement of obligations were unknown. A sale or exchange is the same whether perfected among savage tribes or among civilized nations with laws prescribing a legal tender and courts to vindicate the sanctity of contracts, and will remain unchanged in the great millennial future when the machinery of government shall be abolished by the moral and intellectual perfection of the race. Individual men always have made and forever will make their agreements, and from the nature of man it will always be the case that each party will endeavor to get in property the equivalent of that with which he parts, both articles being measured by comparison with each other or by some common standard or measure of value. It is always the same, whether it be an exchange of similar or diverse articles, or miscellaneous commodities, or for that commodity known from the nature of its uses as money. The man who sells his horse for \$100 may just as properly be said to purchase the money as to sell the horse; one article is bought and sold just as much as the other; and this relation of buyer and seller is the only essential one known in commercial affairs. All other relations and agencies, the laws, customs, and rules of trade, banks and bank bills, commercial paper, coinage or

governmental authentication of money or paper promises to pay, the courts, and all other machinery of commercial transactions, are only subordinate and concomitant facilities for the performance of that which, if none of these things existed, would otherwise be performed, though with greater labor and embarrassment, and imperfectly at the best.

Labor and the adaptation of the thing upon which it is expended to the uses of man alone giving value, the Government can do it only incidentally in the way of protection against violence and fraud. The law can no more create a dollar in value than it can make a horse or a watch. It cannot give exchangeable value at all. It may arbitrarily regulate, although it has no right to, but it cannot create property. It has no right to interfere with property at all, except in furtherance of the general purposes for which governments are instituted among men, of which the protection, and not the arbitrary destruction, of the right of property is one of the chief. Now, when the Government steps in, and finding the relation of debtor and creditor universally existing among the people, says that wood or tin or paper shall be dollars, and that the tender of these worthless tokens shall extinguish debts, it simply confiscates by force. It utterly destroys that inalienable right of property which all just government is organized to protect, and becomes the robber of every creditor in the nation, and of every man who is not already insolvent; for every claim will be canceled by the same act.

Then, with confidence destroyed, who would trust his fellow-man or his country again, to be paid in nothing? It would drive society at once to the manual exchange of commodities, and contracts payable only in specific articles. And how easy for an unwilling debtor to divest himself of the specific article long before execution could be obtained by the tedious processes of the courts, and which must be satisfied in the specific article which the contract called for, because the legal tender of the country would be worthless. Commercial paper and bank currency would be utterly destroyed, because neither can exist unless convertible by law and by decree and execution of the courts into some legal tender having value as, or payable in, a commodity. Property would be destroyed, society would be reduced to barbarism, and ultimately the country would be depopulated, or rather, realizing at once the enormous villainy of the deed, the whole nation would rise and crush its perpetrators, re-established honest government, and restore to circulation as the standard measure of values the honest dollar of our fathers.

DEALINGS WITH FOREIGN NATIONS.

Besides, even if a currency which is neither property itself nor a promise to pay property could be made to circulate in our own country by reason of the fact that people must buy and sell, and that whatever will pay debts will have some value for that reason alone—an aspect of the subject to which I will call attention hereafter—how could our transactions with foreign nations be carried on? We should have no use for gold at home, except as an article of merchandise. We should require it for exportation as a commodity; but the demand for it as coin, as well as a commodity,

in all the rest of the world would cause its constant exportation, whether the balance of trade was for or against us. The country would be emptied of its precious metals as fast as they were dug from the eternal mountains. What should we do, then if the markets of Europe were closed against us by the chances of war, by foreign tariffs, or other causes which might prevent us from selling our commodities abroad, and thus obtaining those productions of other lands which are indispensable to the comfort and happiness of our people, and the possession of which constitutes a not inconsiderable part of the enjoyment of civilized life? How in case of insufficient production within our own borders, where we must buy or starve, and we have no gold, the money of the world, to sell?

The balance of trade against us, wherewith should we pay the interest and principal of that portion of our national debt now owned abroad? That, however, would probably be extinguished in the original act of confiscation, by virtue of which this vaunted system of finance is to be introduced. Grant, contrary to the fact, that in time of peace, so long as the balance of trade is in our favor, we should not export coin; but the time now is and must long continue, and in the exigencies of national life will often return, when the balance of trade will be against us. What then can we do without coin, or paper which promises coin and is convertible into coin by law and in fact? Accidents of climate and a thousand causes may deprive us of exportable commodities. Suppose, as is sure to be the case, that in the centuries to come we are involved in wars with the empire silently consolidating on our northern border, or with Mexico, with island confederations, or among ourselves; suppose that our mining regions are wrested from us and the existence of the Government seriously threatened, or that for any cause the immediate necessity for the precious metals, to enable us to purchase abroad the means of warfare, should become indispensable to the existence of the American nation; how would you get them with no credit, no coin in the country, and with nothing to export? Would your worthless tender avail at such a crisis, when delay would be destruction? Would you not then require either coin or credit—either the world's money or a market for your national promises, your bonds, payable in the money of the world at a future day? But perpetrate one such act of repudiation as is the very cornerstone of this vaunted "American monetary system," and the American flag would not sell for ten cents in coin, and the Government could not borrow enough on its bond to pay the disgraced Irishman, who, in his generosity, might fill up its dishonored, self-dug grave.

No civilized nation can segregate itself from the rest of mankind and remain civilized. God has made of one flesh all the nations of the earth. Commercially there is but one nation, and this truth is inexorable. That only is money which all commercial mankind recognizes as such. Political edicts may transiently interfere with nature, by establishing a legal tender which is not universal money, nor convertible into it by the holder, but the ruin which follows demonstrates the truth of the main proposition.

Urgent political necessity may override business necessity, and compel this to be done

as was the case in our country, but there is no other excuse. All that a nation has it will give for its life. Unless justified by such necessity it is a crime, and when for such cause, an inconvertible legal tender exists, there is no possible extrication from industrial ruin but in a steady return to the money of the world and compliance with the laws of trade.

THE LEGAL-TENDER QUALITY.

But it is said that the proposed currency would have value, because being a tender for all debts, public and private, it would pay taxes. But what could Government do with the stuff? Having once repudiated its debts by issuing such a currency, who would voluntarily become its hired servant or its creditor again? Why, if such a currency is valuable without payment immediate or remote, should taxes be levied at all? Why not print more of it and abolish taxation, thus saving the dear people that burden which Franklin said was the only thing certain to the lot of humanity but death?

Let us apply this theory to the present condition of the country.

The national debt, including greenbacks, is about.....	\$2,200,000,000
The sum total of all debts, State, county, municipal, and personal, has been estimated at.....	13,000,000,000

Making in round numbers about 15,000,000,000

It is proposed to pay this and do the business of the country with mere paper tokens, which are neither commodities, nor money, nor the promise to pay money. When, then, shall the system be introduced? If now, I propose to show that it is bald repudiation; if after payment of the national debt, that it is and will be irrelevant for many years and could never be introduced at all. By existing law, which cannot be avoided without a breach of public faith already pledged most solemnly both at home and abroad, the entire public debt is payable both principal and interest in coin. Now, if the public faith is kept, the whole problem will have been already solved, the country will have already discharged its obligations on a coin basis and will be free from debt. I take it that, whatever theorists might desire, if we should be able once more to place our currency and our business upon a specie basis all the powers and persuasion of this world would fail to delude the American people from their fast anchorage to coin as a measure of value. And if this "American system" of finance is only designed for introduction after the resumption of specie payments, and the national debt is paid, according to the contract between the country and its creditors, it is only an *ignis fatuus*, wholly irrelevant to the discussion of our present difficulties, and it is a matter of indifference to the American people whether this system might or might not work well in Utopia, or even on earth under conditions which do not and for generations cannot exist in this country, or whether it is a mere vision, or the dream of a poet, a philosopher, or an ass. No; it is idle to say that the advocates of this system mean to pay the debts or the interest on them in coin. Their remedy is designed to relieve the people of their debts by application to the present situation. The first step is indicated in the pending bill, sections 9 to

11 inclusive, and on page 6 of Mr. CAMPBELL'S speech, before quoted, as follows:

Sections 9 to 11 inclusive provide for the issue of Treasury certificates in payment of the debts and current expenses of the Government, which certificates shall be a legal tender in payment of all debts, public and private, (except when it is provided that payment shall be made in coin) and interconvertible at the option of the holder with registered Government bonds, bearing such equitable rate of interest as will distribute property and products to labor and capital according to the labor or service performed in production.

Now, these Treasury certificates or tokens are never to be paid, for they are not promises to pay. They are merely pieces of paper of convenient form and suitable texture for circulation, labeled with figures indicating that the Government has received value for them, and the amount of value which the creditor must give up when they are tendered to him. There will thus be thrown upon the country \$2,200,000,000 of these certificates unless we repudiate the \$700,000,000 owned abroad, without any juggling ceremony whatever. The national-bank system and currency will be annihilated, because the national bonds which are their basis will be sequestrated. The greenback will be canceled. The country will then be left with no circulating medium whatever save these \$2,200,000,000 of nothing—absolutely nothing but so much paper material, clothed arbitrarily by law with the power of extinguishing debts when tendered for that purpose. It will be of no earthly value except to pay debts, and those who thus receive it from this paternal Government can do nothing at all with it except to pay their own debts, as they themselves have been paid, or lend it to borrowers who desire to get it for the same purpose.

The amount of national-bank notes and of greenbacks, including fractional currency, is \$762,000,000; and this sum stands to-day at not more than eighty-eight cents on a dollar in gold, and much of this is not required by the business of the country. There is in actual circulation among the people to-day only \$532,000,000. Of the remainder \$60,000,000 is in the Treasury and \$170,128,699 is lying in the banks. If now for these \$762,000,000 of unpaid promises we substitute three times that amount—that is, the whole national debt—of token legal-tenders, which are never to be paid, what will be the effect upon the dollar or circulating medium of the country? There will be more than three where there is now one worth eighty-eight cents in gold; and if the new currency was an unredemmed promise to pay a dollar in gold, instead of no promise at all, even then the inevitable effect would be to liquidate every debt in the country at less than thirty cents on a dollar. But these Treasury certificates are not to be payable—that is, redeemable—at all in anything, and as soon as they have once served their purpose of confiscating the debts of the country and have destroyed the existing relations of debtor and creditor and ruined America forever, I would like to ask any sane man to give a reason why these billets of death will be worth anything at all.

It is no reply to this inexorable destiny to say that the "system contemplates the convertibility of this trash into the form of a

bond with principal and interest payable in the same trash. Nor is it of any use to endeavor to escape the conclusion that this currency would be worthless by saying that only so much as might be necessary to perform the business of the country would be issued. Such is not the theory itself, but sometimes its advocates take to this subterfuge when driven to the wall. France is said to have \$33 of currency *per capita*. We have 44,000,000 of people, and at the same rate require \$1,452,000,000. But, it is said, we are far more active as a people, our industries more diversified, and our population spread over a territory as large as all Europe, so that we absolutely require more than \$2,000,000,000 of circulation, which, strangely enough, by this ingenious reasoning, amounts to just about the same as the national debt, which it is so much easier to repudiate than to pay.

DEPRECIATION.

But suppose that only \$700,000,000 of this robber currency should be issued, and that we should try to do the business of the country upon it and never pay the currency itself. The Government, however, will receive it for taxes, and of course pay it out to pensioners and public servants, and for all running expenses. Would or would not this currency depreciate? How can you make the people believe that a currency is good for anything when you tell them at the same time that it will never be paid? Surely legal-tender currency which the Government promises to pay in coin is no worse because of the promise of the Government. Divest your present legal tender of the promise of the Government, and it remains just what you propose to issue. If now the present legal tender is so far depreciated, and, as all concede, has played such fantastic and ruinous tricks with trade and business in the past, how is it possible to expect the new legal tender to approximate the standard value of gold, affording a safe and steady measure of value for the business of this country and ultimately of the world? No, it is self-evident that the new currency would not appreciate above the value of the greenback; and such is the constitution of the human mind that ordinary mortals will consider the solemn promise of a great, honorable, and wealthy nation to pay its honest debts as worth something. Repudiation, or the elimination of that promise from the new currency, will depreciate its value (if it should have any) somewhat at the outset, and you would be absolutely obliged to replace that depreciation with a still further issue, which would increase the evil like a salt-fish diet in the desert.

Next, having once paid and cheated the public servants, by putting upon them a currency which will not enable them to live in your employ, you must raise their salaries and increase taxes for the defrayment of all the expenses of government. And then there is the interest on the public debt, foreign and domestic, payable in coin, for I am now supposing that you merely replace the national-bank bills and greenbacks with your new tender; your tariff dues, as well as internal revenues, under this new order of things are to be payable in this depreciated and depreciating token tender, and with it you must buy your gold, already banished by your new "system" from the American market. You will have to increase the issue on that account.

Thus from year to year taxes would inevitably increase, more paper tokens would have to be issued as long as any one would receive them. Pensioners would be robbed, at first partially, in the end utterly. The public service would be destroyed. As the Government would have no power to collect taxes in anything but this paper folly, it could get nothing wherewith to make purchases in foreign markets in any of the great exigencies of peace or war when the possession of or power to get coin by taxation would be indispensable to the existence of the nation. Under such a system of finance this country would require nothing further than a mule-skin for a winding-sheet and room enough on the back door of a mad-house to write its appropriate epitaph. It demands no reach of intelligence to see that the abandonment of the right to levy and collect taxes in coin—that is, in actual property—is the abandonment of the right of taxation itself. If taxes cannot be collected in that which the world will accept as money we are no longer a nation, and the further application of this delusion by the heavily-burdened governments of the States would effectually extinguish their local sovereignty and at once dissolve all forms of civil government in the land. There would be no remedy but instant revolution.

I have not dwelt upon the miseries which would be inflicted upon the people at large by the continual and unavoidable depreciation of any legal tender not redeemable in actual property, either gold or other commodities. The bitter experience of this generation, even with a currency redeemable in coin, but upon which payment has been deferred, without, however, shaking the confidence of the people in the ultimate performance of the national pledge, ought to be a sufficient suggestion of the ten thousand times greater calamities which would follow such a deed of ill-designed repudiation as this scheme proposes to the American people. If the evils of a depreciated and irredeemed paper legal tender adopted under compulsion of war are not already sufficiently patent and destructive to warn us from the adoption of a system infinitely worse, having all the elements of calamity and dishonor which the financiers of the infernal regions could devise for us, it is useless for my feeble powers to attempt the impossible task.

There is reason to think that the gentlemen who have devised and advocated this system of so-called "finance" are misled in their judgment as to the magnitude of the financial evils which surround us and do not sufficiently realize the immense powers of payment and recuperation with which we have been endowed by a bountiful and benign Providence; and in their desperation, born of deep sympathy for the great prostration of business interests in some portions of the country, they have been tempted to seek escape from honest obligations at the expense of good faith, not designing, however, to recommend to the people a dishonest deed. They have really made themselves believe that this system could, by its magic and mystery, perform the impossible thing; and what wonder then if large numbers of men, to whom the study of finance is unknown, have embraced their plausible and comforting theories?

I devoutly wish that I could believe and act with them. I, too, am largely a debtor, and,

if possible to see hope in their views, I should sleep far better o' nights myself. But I do not think that a disposition to exaggerate and overbemoan the difficulties of the situation is beneficial or justifiable, and hence I feel called upon to pay some attention to doctrines upon the subject of

INTEREST

advanced by the honorable gentleman from Illinois. If his views are correct, it is an absolute impossibility for the business of the country to go on upon any system of finance. He informs us that the increase of property is not over 3 per cent. per year, and proves it by the statistics of the census. I will not contradict his premises, since I am not aware of the existence of reliable data to the contrary. He says that the average rate of interest paid in the country is not less than 8 per cent., which estimate is none too high. I also agree with him that, in my judgment, this is more than it ought to be, and that the true interests of borrower and lender would be promoted by a large reduction of the rate. I further agree that there now exists a large mass of contracts in all parts of the country, and probably this is particularly true of some portions of the West, where the inevitable result of these high rates, if they continue to be exacted, will be ruinous to the debtor and perhaps to the creditor also where his eagerness for high interest has tempted him to invest in hollow securities.

But allowing this to be so, what remedy has he to offer as an honest man? Unless the parties can agree, or the debtor can replace the existing with a cheaper loan, is there any other remedy but such as is found in the law of the land, either in the statutes of usury or bankruptcy, or in the enforcement of the obligation of contracts? The day fixed for the resumption of specie payments can be postponed if necessity requires it to be done; but is the legal existence of a large debt and a high rate of interest, as matter of contract, a reason for the introduction of a national swindle, under the specious name of the "American system of finance?"

But it should be remembered that the law of demand and supply regulates to a great extent the price of the use of money, or the rate of interest, as it does all the relations of value; and that during a period of universally high prices the rate of interest must necessarily be enhanced. On the other hand, when prices fall and things are adjusted and in their natural condition, whoever has good security to give can raise the money from some other source, or agree upon more favorable conditions with his creditor, and thus realize that reduction of interest which the times require.

As before stated, it is claimed that the average increase in the value of property in this country is not over 3 per cent. yearly. Does it follow as a logical conclusion that the rate of interest upon hired capital can be no more than 3 per cent. without ultimate loss to the borrower? Certainly the experience of men for generations has taught them otherwise in this country. I know of no State in the Union where the legal rate of interest has been less than 6 per cent. during this century; nor can the rate which the borrower can afford to pay be judged by a general and inflexible rule. So much depends upon the ability and good fortune of the borrower and the nature of the business in which the hired capital is expended

that it is very difficult to see now the rate of interest can be regulated by the average increase of the specific property of the country.

Usually interest is paid upon capital employed in the more lucrative ventures and more productive business of the country, from which greater returns can reasonably be expected than would be indicated by the average increase of specific agricultural property; and it should be borne in mind that the average profits of agricultural pursuits, while surer, are less in amount than in other branches of industry; but the gentleman's method, as will be seen hereafter, even ignores the profits of the farmer, which he may invest in stock, bonds, and other ways too numerous to mention.

The gentleman from Illinois overwhelms us with terrors born of false premises. He makes from the census an inventory of the farms and production of agriculture in 1850; and calling horses and mules \$32.50 per head, neat cattle \$12.80, sheep \$1.31, swine \$4, wheat per bushel \$1, corn and rye 50 cents, and oats 33½, improved land \$16.00, and unimproved land \$8.04½ per acre, he finds a total valuation of \$4,267,751,473. Each item of property being valued at the same price in 1870, he finds a total of \$6,288,115,219, or an average income or increase of 3 per cent. for each of the twenty years, after making what he considers a just allowance for the destruction of property and interruption of industry by the war. Now, if the gentleman's calculation had led him to compare the actual value of this property in 1850 with the actual value of all similar property in the country in 1870, there would have been greater probability of approximate, although not complete, accuracy in his conclusions. By comparing values thus, which I insist is the only proper way in a reasoning process—which in its very nature can be nothing but a comparison of values or prices—the census shows the following result:

1870.		Value.
Number.	Value.	
Horses and mules.....	8,270,786	
Neat cattle.....	23,820,008	\$1,525,276,457
Sheep.....	28,477,951	
Swine.....	25,334,569	
Bushels of wheat.....	287,745,626	431,618,439
Bushels of corn and rye.....	777,893,344	583,397,508
Bushels of oats.....	282,107,157	94,035,719
Acres of improved land.....	188,921,000	9,262,803,861
Acres of unimproved land.....	218,813,942	11,807,331,984
Total.....		
1850.		Value.
Number.	Value.	
Horses and mules.....	4,896,050	
Neat cattle.....	17,778,907	\$544,180,516
Sheep.....	21,723,230	
Swine.....	30,354,213	
Bushels of wheat.....	100,485,944	100,485,994
Bushels of corn and rye.....	606,259,917	303,129,858
Bushels of oats.....	146,634,179	48,801,393
Acres of improved land.....	113,032,614	3,271,042,469
Acres of unimproved land.....	180,528,000	4,267,751,473
Total.....		

Being an increase of more than 273 per cent. in twenty years and 14 per cent. yearly. This is the true lesson to be obtained from the census reports if anything is taught by the gentleman's method. But in my judgment the result in any case is wholly unreliable, because it is utterly impossible to ascertain how much of the increase, both of specific property and of valuation, is due to the employment of hired capital, labor, immigration, inflation of the measure of value, and many other factors which have entered into the complex problem. We know the rates of interest which experience has induced mankind to establish by positive law, by custom of localities, and by agreement of parties; and the law of demand and supply operates with substantially the same results in fixing the price of the use of capital that it does in determining the price of any other element of production.

It is singularly inconsistent in the gentleman from Illinois, after making the tables of the census the foundation of his own argument, to turn round and accuse the source of his own information of unreliability and its authors almost of crime, as he does in these words:

The rates, as given in the census reports, are obtained by placing a fictitious valuation upon the several descriptions of property named.

It is accusing his own witness of lying whenever the testimony conflicts with his theory, at the same time that his own case depends upon the veracity of the same witness.

But there is no more reason to dispute the fairness of the estimated values than of the enumeration contained in the census. It undoubtedly contains in both respects the best data available. But even if values were inflated in 1870 as compared with 1850, in what way does that circumstance justify the views of the gentleman from Illinois? If our dollar was inflated, so was the interest. If the dollar was easier to get in 1870, so was the interest paid upon it, and the higher rate does not indicate necessarily a greater burden upon industry.

We pay interest upon just such a dollar as we hire. Interest fluctuates with prices, and will inevitably fall with them. In fact, interest during the last fifteen years has not held throughout the country so high a rate as the general prices of commodities, compared with what they were before the war. This fact is within the knowledge of every business man.

FALLACY.

Again, there is another most notable fallacy in the gentleman's deduction. He claims in twenty years an annual increase of three per cent. in the value of the agricultural wealth of the country. Now, what does that represent? Why, just what the borrowers have made and added to the permanent value of their own wealth, after supporting their families, the Government, and payment of losses of the war by the billion, and these ravenous rates of interest besides. Thus, if his illustration is good for anything at all, it proves that the foxy farmers have filched 3 per cent. annually out of the unfortunate Jews and usurers of the land; and this is again proved by the well-known fact that never was the great interest of agriculture so prosperous as it has been for the last twenty-five years. I admit that the result is ludicrous and that

his whole argument is false, but I am not responsible for it.

COMPOUND INTEREST.

Startling and sensational statements as to the magic powers of compound interest at various rates and for long periods have been made upon this floor which, whatever may be designed by their authors, are calculated to alarm debtors, to increase their disquiet, and kindle the latent fires of repudiation and communism, by creating the impression that all experience is unreliable, and that they are being devoured by voracious creditors, and as most creditors are also debtors, that in short they are eating themselves. For instance, it has been supposed here that had America been purchased in 1607 for \$1 and payment secured by bond payable with interest annually compounded in 1876 at 10 per cent., the amount would be—I have not verified the calculation—the very snug little sum of \$136,000,000,000; five times as much as the country will sell for to-day. Captain Smith or Newport, whichever it was, has therefore been ruined, or would have been if he had run in debt a dollar for this continent.

It is very much like supposing that if Adam and Eve had continued to multiply and replenish once in two years until the present time, and all their descendants had lived and had been equally prolific, then, saying nothing about twins and triplets, there would now be actually alive upon the earth a quantity of human beings in solid measure of more than thirteen and one-fourth times the bulk of the entire planet; and if all these people had been thrifty and saved one cent a year and invested it at 10 per cent. compound interest, the amount in currency at eighty-eight cents in gold would buy not only all the real estate there is in this world, but ten times as much as there is in the universe at double the Government price for public lands, and leave enough to do the entire sewerage for the main streets connecting the fixed stars and to pave the milky way with well-cut diamonds of the first water, nine feet cube, three thousand miles wide, (excluding sidewalks to be made of condensed rainbows three billions to the square yard,) and a distance of 996,834,329,648,196,314,983 thousand million billion trillion miles long. And I believe there would be considerable left in bank even then.

But the truth is that Captain Smith ought not to have run in debt for his continent unless he was going to pay for it within twenty years. Even a debt of record outlaws in that time. Then he would have got it for less than \$15, interest and all; and it does seem as though one dollar, especially in paper money, was cheap enough for such a farm as these 3,600,000 square miles, even at 10 per cent. compound interest. Almost any one would be willing to hire one dollar if he had a chance to make such an investment, yet the claim is made that he could not afford to, and this fanciful trash is sent broadcast over the land labeled mathematics, in order that the unthinking may not see the lie which such mathematics most certainly do tell. Really, has not the use of this 3,600,000 square miles of soil been worth something during the last three centuries? And if the rents and profits and net increased value had been invested in a sinking fund at the same rate of interest, it seems to me decidedly probable that Captain Smith and his heirs could pay up for the old

place and have something laid by for a rainy day. It must be conceded that the down-trodden debtors of the Smith family have done well in this country on the whole. The principle of interest upon interest does not exhibit its startling power for many years. It is in the interest upon the interest upon interest, and so on and on, which conceals the dynamic fiend of high interest at short intervals unpaid for long periods. Nearly all interest-bearing debts are discharged within the term of the statutes of limitation. If not, and year after year the debtor adds the interest to the principal, it becomes like the conflagration, which, while yet a spark, might have been extinguished by the breath of a babe, but neglected too long, raging, devouring, destroying, becomes a terrible master, where it had been an obedient slave, and even an indispensable blessing. Interest is rent upon capital in the form of money, and, like rent, should be paid when due, as it is often the only income of its owner. To him it may represent the necessities of life, just as to the borrower the use of capital hired may be essential to the transaction of that business from which he sustains himself and family. If not paid when due, it becomes a new debt or capital, for the detention and use of which there should be compensation.

Let any laboring-man count up the net savings which remain to him when wages are at the highest he has ever known, and then calculate whether he can provide for the contingencies of life and the decrepitude of age if obliged to invest his hard-earned and more hardly saved pittance at 3 per cent. What is true of his dollar is true of every other dollar. The experience of ages has given capital not far from 6 per cent. as a fair compensation for money used as an element of production. Whoever cannot employ it profitably at that rate should not contract debt at all unless unavoidably. He should rather, if in debt, go and sell all that he has and begin anew. No wiser economic saying was ever uttered upon the shores of time than the erratic exclamation of John Randolph of Roanoke, upon this floor, when, in the midst of a prosy debate, he sprang to his feet from a profound reverie, crying at the top of his shrill voice:

Mr. Speaker! Mr. Speaker! I have found the philosopher's stone: It is pay as you go; it is pay as you go.

But we are in debt, and the path of liquidation is thorny and difficult. Still it is better to be honest with ourselves even if it disturbs our complacency. There is no patent method which pays debts by miracle. We must toil and save. We must rely upon our brains and muscles in the field of productive industry, and, circumscribing our undertakings within the limits of our own capital and capacity, let usurious money-lenders and moonshine speculations alone, attend to legitimate business, cultivate the home virtues, and the employments of common life. Be content with an humble lot. The day laborer in this happy land feeds at a table which would have tickled the palate of Alexander. Here nothing is so independent, nothing so honorable as honest toil; so grand a thing it is to be an American citizen. No man, unless already involved in heavy business, is obliged to follow any pursuit which requires him to borrow his capital, and no man should, without reasonable pros-

pect of satisfactory return. And, as a rule, our people will not pay ruinous rates of interest long. Interest must fall and will fall as soon as confidence returns, and capitalists must seasonably heed the signs of the times; they should do so at once, otherwise production, now crippled, will cease, and general ruin stalk abroad. It is not to be wondered at, however, that the threat of repudiation, which is the inevitable consequence of the adoption of paper tokens for metallic currency, or convertible promises to pay, has startled capital and destroyed confidence. But for this, I believe that capital in abundance would be ready for investment all over the country in good securities at very low rates of interest to-day, and high loans could readily be replaced with others, and save many a farm and homestead which will now go to the block.

The remedy for excessive interest is in our own hands. What is needed is a steady head and a firm hand and comprehensive views in applying it. But appeals to the wild and communistic elements, which are latent in every society, exaggerated and agrarian declamation, will yield the fruit of anarchy and despair. But it is our duty to take a much broader view of the subject, for rates of interest will be adjusted by other causes when they are once set in motion.

THE REAL DIFFICULTIES.

The real difficulties of the situation remain, and it is our duty to address ourselves to the alleviation of the actual condition of the country. We have now a circulation of \$371,827,220 in greenbacks, the Government's dishonored promise to pay, not bearing interest; \$45,000,000 of fractional currency, the same in nature; and \$346,479,756 of national bank notes, redeemable in and therefore of the same value as greenbacks; making \$762,523,690 in existence as a medium of exchange among the people. All this is worth about eighty-eight one hundredths of each dollar, and the greenbacks are a legal tender for all debts, public or private, except interest on the public debt and duties upon imports.

The existing contracts of the country, with exception of the national debt, have nearly all been measured at their inception by the dollar in currency, that is, eighty-eight cents in gold or less. Now, the problem which staggers the statesmen and business men and everybody in this country is on the one hand how to pay twelve cents on every dollar more than was originally received by the debtor, and, on the other hand, how to transact the business of the country with a value measurer which is constantly fluctuating, and which, being already dishonored, will ultimately become a dead loss by depreciation unless the public faith in its redemption in coin is preserved intact.

But the loss of the currency is not the chief injury to be apprehended; its fluctuations operate precisely the same, only much more extensively, as would arbitrary and unforeseen changes in all the standards of weights and measures throughout the country on every day of the week, so that a man who had contracted to deliver bushels of sixty pounds might discharge his contract with 40 pounds, or if in a pound of sixteen ounces he might be called upon to deliver thirty-two, or if for yards of cloth of thirty-six inches he might be called upon to deliver in yards of forty-eight

inches or twenty-four; add to this the high percentage of profit which dealers demand to cover the increased risk of doing business, and which is in the nature of higher premiums for greater hazard in rates of insurance, also the perpetuation of the paralysis of production, industry, and commerce which already exists in consequence of the false relations of values growing out of variations in the standard used among the people, and from all these will inevitably result the destruction of the business and property of the country, as the process of depreciation and fluctuation hurries us with accelerated force to the bottomless pit of financial ruin. It is utterly impossible to remain stationary. Public confidence in a fixed measure of value, or in that which is least liable to variation, and which is therefore adopted by all nations as such, and that all commodities, credits, and values will continue to be measured and paid and estimated by that standard, is the thing to be attained.

Now, public confidence is a state of mind. The mass of movable capital in the country, or that which is available for investment, is in the hands of those who believe that they will lose it if they part with it for investment in production, unless the country returns to a specie measure of value in the transaction of business; because a coin is the nearest possible tangible representative of the abstract value called a dollar, so that practically it and the coin are the same. The world, with its accumulated wisdom, drawn from reason and experience, both sweet and bitter, is with them, and capitalists can wait, and will wait, choosing to foreclose their mortgages, apply their securities and lose interest for a while, rather than risk the destruction of their principal in that final conflagration of all property which would follow the introduction of the American system of finance, or from a prolonged refusal to return to the standard of coin. Confidence, then, must be restored in the minds of those who have capital to lend. It is not sufficient to convince those heavily pressed with debt that more printed money is or is not a good thing.

Business cannot revive until men see that it is safe to invest more money and make new contracts; that they can buy and sell upon credit with reasonable hope that their capital will not be destroyed and that their labors will not be in vain. Producers must have hope of reward, as well as mere lenders. This faith in the future can never revive until the return to a coin standard, by resumption of specie payments, is placed beyond reasonable doubt. The time when is less material. If the people believed in it and it were possible to make this new patent system work, that would be a different case; but the very fact that they do not believe in it and that you cannot make them believe in it is the one unanswerable objection to the attempt to agitate and introduce the scheme. Confidence and belief are the same thing, and it would be the work of generations to supplant the existing faith of mankind in the precious metals as the only safe measure of values. It is impossible to eradicate this sentiment of the soul. Confidence, which is only another name for credit in business, is most emphatically a plant of slow growth; and there will be no such thing as prosperity ever again known in these United States until the American people resolve

by an overwhelming public sentiment to place all business transactions upon the world's basis of value. Meanwhile the losses of the nation by the inactivity of production are enormous. It is counted by billions since the panic of 1873, when the bubble burst and we found ourselves face to face with the troubles which beset us still.

Probably every year we now lose at least the amount of the national debt by enforced idleness of the people.

OUR GREAT DIFFICULTY.

Right here we meet with our great difficulty. While they who see the true state of the case are combating upon methods of returning to specie payments, the confidence that it will soon be done or that it will be done at all until after years of calamitous experience and universal bankruptcy does not return, because the question between specie and the paper token is still undecided. The public mind is still confused by the plausible and entrancing charms of these sirens of the great American system of finance. If at once all political parties, by conventions held in every State and by unanimous resolution in Congress, would declare their fixed determination to return by safe and careful steps and by wise measures, especially considerate and just in their operation upon the debtor class, to a coin standard of values, and that meanwhile there shall be no step backward, no further inflation of the currency, no pernicious efforts to destroy the national banking system, no effort to set up the Government as the great banker of the nation and make the amount of the circulation dependent upon the will of a partisan majority of Congress, the necessities of faction, or the howlings of a communistic mob, confidence would return, and our troubles would cease.

The ultimate question which arises in the mind of the capitalist and of the business man is, will the people choose a mere paper token without value, or coin, as a measure of value? Will they choose repudiation or the observance of the public faith? The fact that there is such a question at all is what prostrates business and buries innumerable homes in gloom. And this great, broad question, embracing all others, the people will settle by virtue of the instinct of honesty, whenever it is fairly and fully presented, so emphatically that agitator will not be able to find the chasm wherein their theories disappeared.

It ought to be possible for this Congress unanimously to set this question at rest by action dictated by an expansive patriotism which should eliminate the financial issue from politics. Any measure which provides for the gradual funding, payment, and cancellation of the greenback, at least until the amount is reduced to \$300,000,000, and for the necessary and gradual accumulation of gold in the Treasury and in the national banks, and which, by virtue of the means it provides rather than the profession it makes, is a pledge of the nation to resume specie payments, which involves the restoration of the coin standard of values, and which insures that result within a reasonable time, even though the exact date be not specified, ought to and, I trust, would command the support of a majority of all parties in Congress, as it most certainly would of the country.

But there must be measures taken and laws enacted which will lead inexorably and constantly, though not too rapidly, to the specie standard, and when enacted they must be let alone by Congress and enforced by the Executive.

We have now a date fixed for resumption. The method provided by law to enable the Secretary to resume is by sale of bonds at par, bearing interest at 5 per cent. on ten years', $4\frac{1}{2}$ per cent. on fifteen years', and 4 per cent. on thirty years' time, and none of these bonds can be sold at par in gold. With no more gold in the Treasury than is required for the ordinary uses of the Government and no authority to reduce the volume of the currency gradually by funding, the Department must be extremely embarrassed, and probably must fail to resume without additional legislation. If such legislation is denied, how will it be possible to keep faith with the public, to whom we have pledged resumption on the 1st day of January, 1879?

It is hardly too much to say that the hesitation and delays of this Congress to promptly grant power to the Secretary of the Treasury to buy gold by the sale of bonds which can be sold, and to fund the legal tender while the abundance of idle capital will permit this to be done at advantageous rates, already constitute a breach of the public faith, for the loss of time and opportunity has greatly decreased the probability that resumption can be accomplished at the time now fixed by law. It is no excuse for us to say that the law of January 14, 1875, is imperfect. It was good as far as it went. It was the utmost that could then be accomplished. It was supposed to confer sufficient power to effect its purpose. It was invaluable as the expression of the sentiment and pledge of the nation to the restoration of specie payments. As the act of 1869 was a solemn promise to pay the public debts in coin at some time, so this was an equally solemn pledge to pay so much of it as then should be due on the 1st day of January, 1879.

What would be the effect upon business and credit to repeal the act of 1869? Still more disastrous would it be to repeal the resumption act and provide nothing in its place. It would be a substantial repeal of both acts, and would be notice to the world, and still worse to ourselves, that the word of the American people is not better than that of a common thief.

Bad as the state of the country now is, the repeal of the resumption act with nothing substituted in its place will destroy all credit and make our condition far worse. It is our duty first to supply all needful legislation with intent to carry out our solemn pledge. It is soon enough to extend the time when its near approach shows that an extension is necessary. There will be three sessions of Congress after this and two and a half years' time prior to the date now fixed by law for resumption; but it is legislative shystering, by our present neglect, to compel the breach of our solemn pledge. We well know that to attempt resumption and fail would cover our country with a pall; it would ruin this generation; and there will be good sense enough extant when the time comes not to commit suicide. But if we go resolutely and honestly to work in these Halls and at the other end of the Avenue to make the necessary laws the peo

ple will concentrate their energies upon the accomplishment of the great event. Confidence will be restored at once, and the two years next to come will witness such a revival of industry and increase of our credit at home and abroad, as will either enable us to resume at the time indicated or after an extension very slight at furthest and wholly free from shock.

It is then a duty, not merely the dictate of expediency, to provide the means as rapidly as possible and resume at the earliest practicable moment. Men will understand it. There will be a policy permanent, safe, and we shall be on our way to the golden gate. It will be certain that our measure of value cannot fluctuate in any substantial degree: It must gradually rise to par with coin. It might even so exhilarate and stimulate the nation, which is really a giant bound with gossamer, as to bring about resumption before 1879. Sell bonds of small as well as large denomination, payable principal, with low interest, in gold, on very long time, in the best market possible, which is the home market; but sell them somewhere, and accumulate gold. A circulation of five hundred millions cannot be floated without three hundred millions of coin in the country. We have less than one hundred and fifty millions, of which twenty millions is silver. We ought to accumulate fifty millions or more yearly, and fund all the circulation not required by the wants of trade besides. Meanwhile our people would economise; capital would flow out into all the now stagnant currents of business once more.

Our teeming soil and the glittering treasures of the mountains will contribute inexhaustibly to returning prosperity. Every branch of industry will revive, and the despondent debtor will see light breaking in upon his pathway through all the varied avenues of profitable production. Real, and nearly every kind of personal property will rise in value at once, for values to-day are below the standard of gold, and the restoration of the old and tried measure of value will by the stimulation of prices more than pay the margin of 12 per cent. which the debtor fears to lose in passing from currency to coin. Resumption of the coin standard is chiefly an effort of the national will—a mental operation. It is the inexorable resolution to resume, and providing the ways and means to do it. The country demands a bold, strong act; it should be proposed at once; the path is plain.

TARIFF AND SPECIE PAYMENTS.

But I desire to offer some considerations upon the connection of the tariff with the resumption of specie payments.

I believe that this subject is at the bottom of the whole question of resumption. Resumption by the Government merely is comparatively easy. The heavy margin of loss to debtors, which lies between the measure of currency and that of gold, is the real difficulty. Almost every debt not payable by its terms in coin has been contracted by a measure of not over eighty-eight cents in gold for a dollar; and justice would be attained by making eighty-eight cents in gold a legal tender for every dollar of debt contracted at that or a lower measure in currency. If at the same time every new contract made on or after July 1, 1876, was measured, that is, made payable by coin, all business would be at once upon a specie basis. Eighty-eight cents in

gold is all that the creditors would receive if they were paid in full to-day; and with property depreciated below coin-values, as they were before the suspension of specie payments, this is certainly sufficiently burdensome to debtors. Creditors would really get into their hands more property in satisfaction of their debts than if paid in gold values when business is active and prices are in their normal state, and an amount of gold which at interest would increase more than the 12 per cent. before resumption will be reached.

After the disasters of 1837 and 1857 we found relief by raising the tariff. We saved the country in 1862 by increasing the tariff. We have since too largely reduced it while the consequences of the war still remain, and now, just at the time when we ought to adopt a tariff almost prohibitory, this branch of Congress, under its acknowledged leadership, undertakes to legislate in the interest of free trade, so-called, which is really the slave trade of American industry. True, a very high tariff checks importations and lessens the revenue derived from them; but, on the other hand, by its magic influence upon home industry and wealth, its irresistible stimulus to wages, immigration, and home markets, the taxable property of the country is increased in far greater proportion.

Foreign importations have drawn from us more than \$1,000,000,000 in gold—the balance of trade against us since 1863—almost every dollar of which might have remained in America under a higher tariff, for American industry ought to be so protected as to supply American wants. An increased and properly adjusted tariff would increase the wealth of the country within two years more than the entire 12 per cent. of the margin of increased indebtedness which must be paid in passing from the currency to the coin dollar. The debts of the country, public and private, are estimated at not more than \$15,000,000,000, of which 12 per cent. would be \$1,560,000,000. The entire production of the great interest of manufactures in the United States in the year 1870 was estimated at \$4,232,325,442. Under the present stagnation of industry, which, unless experience is a lie, would disappear under the fostering care of a high tariff, the value of manufactures of the country cannot be more than 60 per cent. of that which it would be in what are known as good times—that is, when every one is at work—which makes a difference of \$1,692,930,176 in the cash value of the annual production in a single department of American industry; actually more than enough to enable the debtor class to pay the difference between their debts in paper and in coin, and almost enough to pay our entire bonded debt.

When we consider the impulse which a high tariff, by increasing wages, would give to immigration and to the value of agricultural production, by creating a more active and extensive market at home without decreasing the demand for our breadstuffs abroad, and the revival of labor all over the country; the construction of great lines of railroad communication along our northwestern and southwestern borders, which would be resumed with confidence if our people only could see that Congress was determined that American producers should be protected by American law, who can doubt that under a judicious increase of the tariff the people would

lift up the burden of a specie resumption like a strong man rising from sleep, and that the face of honest toil would once more beam with the sunshine of hope?

But no such prospect is before us now. This Congress has been urged by the leaders of the majority of this House not only to reduce the ordinary imports upon foreign articles competing with those of American manufacture, but even by a counter-craze to heavily tax almost the only indispensable articles for which we must depend wholly upon foreign nations, tea and coffee, the common solace of all. The men who cry out for free trade and gold dollars at the same time are cannibals, eating both their ancestors and their descendants, and yet howling for more population. They murder industry while they double its burdens. If there is no stop put to this insanity, the financial funerals of the money-centres of the country will ere long toll in fitting correspondence to the wail of the mechanic by the silent factories of New England, from the husbandman on the mortgaged prairies of the West, and from the devastated cotton and sugar plantations of the South.

But wiser men will come after us, and another Congress will lay the foundations for the permanent maintenance of specie payments by an increased tariff for the protection of American production.

NATIONAL BANKS.

There is one other important factor whose agency in the process of resumption is of great consequence, although not indispensable, to success, in regard to which I crave permission to add a few additional observations. I refer to the national banks. They control to a great extent the movable capital of the nation and can greatly facilitate the process of resumption. The fate of business men is largely in their hands. They are now strong. They have passed through years of great prosperity, and they owe to the country which has fostered and enriched them now, while it is passing through the crisis from currency to coin, the most equitable, elevated, and patriotic action. This aid should be given by extending to business men every possible indulgence consistent with safety, by reducing rates of interest and discount, and by fortifying the hands of Government continually and in every exigency which may arise.

Not only duty but self-interest demands this course of conduct upon their part. Their continued existence as banks of issue may depend upon the exercise of an enlarged liberality to the debtor and business classes in this time of their utmost need. Based as they are upon the unimpeachable credit of the Government bonds and the personal liability of stockholders, and at the same time subject to action at law, as the Government is not, for the collection of its notes and promises when dishonored; non-political in their organization and influence; free from partisan control, which might adapt the volume of currency to its own purposes and to the ruin of business if it was issued directly from the Government to the people, the national banks have furnished to the country the safest and best circulation it has ever known except gold and silver. It is an act of great injustice to these banks, and, since they must for years remain an integral part of our money system, a great injury to the nation, to en-

deavor, as is so frequently done, to create prejudice against them by producing the impression that their profits have been greater than those of ordinary banking under the former system established under the laws of the States, and that they are merely licensed beasts of prey.

The national banks have first been obliged to buy the Government bonds and pledge them to secure their circulation, in the same way that the State banks were accustomed to pledge interest-bearing securities as the basis of theirs. The State bank issued circulation to the amount of one, two, and in some cases even three times its capital, the national bank only 90 per cent. of the amount invested in Government bonds. As banks of issue, both derived their profits from the interest upon their notes loaned. In no event could the Government, any more than the States, have any interest in the business of either system as banks of deposit, that being a purely private business, except to exercise the power of taxation upon deposits, which the Government has done with great profit to the revenues, while the State governments impose upon their capital an average tax of 2 per cent., and the aggregate of State and Federal taxes upon these banks is 4 per cent. upon their capital.

It appears from the official reports of the Treasury Department of the current year that the bonds bought by the national banks of the Government and held by the Government as security for the redemption of their notes in circulation as money were worth, on the 1st day of November last, at par, \$361,498,112, and that, if the banks were destroyed and the bonds again distributed among the stockholders, they would sell in open market for \$425,840,533. The total value in currency of the yearly interest on these bonds was \$22,264,312. Now, this interest, it should be observed, is upon a principal bought and paid for by the stockholders and should be paid to them just as it would be if they were not engaged in banking at all.

The banks pay an annual tax of 1 per cent. of their circulation, or \$3,253,482, which leaves the banks \$19,010,830 in currency as the net amount of interest derived from their bonds; and I again call attention to the fact, which, unaccountable as it may seem, vast numbers of people overlook, that this interest is the same as that which the stockholders would have received if their money had been invested in real estate mortgages or other securities, irrespective of their connection with any banking corporation whatever.

Upon the bonds deposited with the Treasury, the banks received 90 per cent. of their par (not their market) value, in national-bank bills, or, November 1, 1875, the sum of \$325,348,260. They are required to deposit 5 per cent. of this—\$16,267,413—in the Treasury as a redemption fund, leaving only \$309,080,847 for actual use for banking purposes. Eight per cent. is assumed by the honorable gentleman from Illinois as the average interest received on this, which will produce an income of \$24,726,467. Add to this the actual interest received from Government upon the par value of the bonds and the total amount derived from bonds and circulation is \$43,737,297. The interest at the same rate upon the capital invested in the bonds would produce an annual income of \$34,067,042, and

deducting this from the combined income of the banks from bonds and circulation and we have \$9,670,055, or $2\frac{1}{4}$ per cent. upon the market value of the capital as the amount of profit realized by the stockholders yearly more than they would derive from the same value of capital invested in other businesses or securities returning ordinary rates of interest.

I copy the following table from the last report of the Comptroller of the Currency.

Interest on \$309,080,847 of circulation, loaned at 8 per cent.....	\$24,726,467
Interest on United States bonds, (\$768,870 currency, \$18,530,554 gold)...	19,290,424
Premium at 16 per cent. on \$18,530,554, gold interest.....	2,964,888

Total.....	46,980,779
Less tax on circulation.....	3,253,482

Total profit on capital employed..	43,737,297
The total capital loaned directly at 8 per cent, would earn.....	34,067,241

Difference which represents profit on circulation.....	9,670,055
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As above stated, the average taxation by the States upon the capital of the banks is over 2 per cent., which it will be perceived nearly cancels the profit upon the circulation realized beyond the amount they would receive if their capital were otherwise employed, and hence it is that so many banks are now surrendering their circulation, and either winding up or relying upon their business as banks of deposit, which has no connection with their functions as national banks of issue, and in which any association of men, firms, or private persons may engage without authority from the Government. I invite attention also to the following table from the same report, showing corresponding ratio of dividends for the last six and a half years in the several geographical sections of the country and the average ratio of the whole period:

Ratio of dividends to capital and surplus semi-annually.

Date.	New England States.	Middle States.	West'n States.	Territories.	United States.
1869, September 1..	4.4	4.3	5.3	5.1	4.5
1870, March 1.....	4.3	4.1	5.6	4.4	4.3
September 1..	4.2	4.0	5.0	4.0	4.1
1871, March 1.....	4.2	4.0	5.5	4.7	4.2
September 1..	4.1	3.9	4.8	4.3	4.1
1872, March 1.....	4.1	4.0	4.7	4.4	4.2
September 1..	4.0	3.9	4.9	4.9	4.2
1873, March 1.....	4.1	4.0	4.7	4.5	4.2
September 1..	4.1	3.9	4.7	4.5	4.1
1874, March 1.....	3.8	3.7	3.9	4.1	3.8
September 1..	3.9	3.8	4.3	4.5	4.0
1875, March 1.....	3.8	3.9	3.8	4.4	4.0
September 1..	3.8	3.7	3.9	4.2	3.9
Average.....	4.1	3.9	4.5	4.4	4.1

The law requires the banks to carry one-tenth part of their net profits semi-annually to the surplus fund, which is not allowed to be drawn out in dividends, but is to accumulate until it amounts to 20 per cent. of the capital, and is to be first applied to payment of all debts and losses. This will be observed to include not merely one-tenth of the profits upon circulation, which is the only privilege derived from the Government that the banks enjoy, but also, what is far more important, one-tenth of the profits derived from

their functions as banks of deposit, which is a privilege or business indispensable to society and in which everybody is free to engage. This surplus is very large and in June, 1875, amounted to \$133,169,095, or about 32 per cent. of the capital invested. This represents the accumulation since 1863, including that of State banks, merged in national, owned by two thousand and seventy-six banks, and is very largely derived from the loan of the deposits of their customers, and not from their circulation, as we have seen from the preceding analysis, and which they would still receive if the circulation was taken away from them.

The following table taken from the public records exhibits the number of banks, amount of surplus, and its semi-annual increase from 1863 to 1875.

Date.	Number of banks.	Amount of surplus.	Semi-annual increase.
July, 1864.....	467	\$1,129,910	
January, 1865.....	638	8,663,311	\$7,533,401
July, 1865.....	1,294	31,303,566	22,640,255
January, 1866.....	1,582	43,000,371	11,696,805
July, 1866.....	1,634	50,151,992	7,151,621
January, 1867.....	1,648	59,992,875	9,840,883
July, 1867.....	1,636	63,232,811	3,239,936
January, 1868.....	1,642	70,586,126	7,353,315
July, 1868.....	1,640	75,840,119	5,253,993
January, 1869.....	1,628	81,169,937	5,329,818
July, 1869.....	1,619	82,218,576	1,048,639
January, 1870.....	1,615	90,174,281	7,955,705
July, 1870.....	1,612	91,689,834	1,515,553
January, 1871.....	1,648	94,708,740	3,015,906
July, 1871.....	1,723	98,322,204	3,616,464
January, 1872.....	1,790	101,573,154	3,250,950
July, 1872.....	1,853	105,181,943	3,608,789
January, 1873.....	1,940	111,410,249	6,228,306
July, 1873.....	1,908	116,847,455	5,437,206
January, 1874.....	1,976	120,961,268	4,113,813
July, 1874.....	1,983	125,239,308	5,278,040
January, 1875.....	2,027	130,485,641	4,246,333
July, 1875.....	2,072	133,169,095	2,683,454

The great increase in the years 1865 and 1866 is owing to the conversion of State institutions into national banks, and represents accumulations of those institutions in previous years, and hence is not properly a portion of the earnings of national banks as such. The dividends declared from time to time, averaging 4.1 per cent. semi-annually, with the addition of this surplus and the interest accumulating upon it, held as above stated as a security for the solvency of the banks, represent the profits of these institutions in the departments both of issue or circulation and deposit.

The total average earnings of the banks during the last six years has been a little less than 10 $\frac{1}{4}$ per cent. upon their investment. Such a business as this is sufficiently profitable; and if its returns were purely in the nature of interest upon money loaned by individuals it would be just cause of complaint by the business interests of the country; but the great care and responsibility, as well as the labor required in the proper management of the complex and important affairs of a bank of deposit and issue, fairly entitle capital so engaged to some extra compensation. The trouble in the country to-day is not that the banks are strong, nor is it true that they have become so by reason of the excessive gains they have made from the business in-

terests of the country; on the contrary, if they were weaker affairs would be far worse. But it is because an inflated currency, a spirit of wild speculation and reckless extravagance, and a reduced tariff have prostrated industry, destroyed markets, and banished confidence from the marts of trade. Thus it is seen that by the wise foresight of the great men who framed the national banking law, the circulation of the country is founded upon a basis which cannot fail.

The entire wants of the country, which before the war demanded a circulating medium of about \$400,000,000, including coin, are probably upon a coin basis not far from \$500,000,000 or \$550,000,000, of which \$300,000,000 in greenbacks, by the present law, will continue in circulation after as well as before their redemption in gold; or they may be replaced by national-bank notes by subsequent legislation. The redemption of the bank-notes which, January 1, 1876, amounted to \$346,000,000, is secured by the total surplus and the market value of the bonds, (beside the personal liability of the stockholder to the extent of his stock,) making in all \$569,000,000, to carry the sum of \$346,000,000 of bills then in actual circulation, and the provisions of law are such that it will be impossible ever to destroy the safety of the national-bank bill. It is difficult to conceive of a system which could combine in a greater degree security and elasticity. Since the national-bank note is based upon the bond of the Government expressly made payable in coin, the people must defend the integrity of the Government, thereby protecting the solvency of the bond in order to maintain the value of the note which they use as their money. Thus it is clear that the national-bank system presents the same strong appeal to patriotism which is so eloquently urged as an argument for the direct issue of currency by the Government. Beyond this the personal liability of the stockholders would be available even if the Government should fail, an event which would utterly destroy a government currency, for any subsequent government would enforce personal liability upon contracts of a bank existing under the one destroyed.

ALL MONEY MUST BE PAID FOR.

Should the present system be replaced by direct issue of paper tokens, or even by the greenback currency, which, being a promise to pay by the Government, is therefore valuable, it has thus far been impossible for me to understand how individuals will get it without paying for it, and paying interest upon the capital it represents to individual lenders. These lenders must first pay for it, and thus part with that which would draw interest if retained. Having paid for the Government issue themselves, they will be likely to take interest when they part with it, unless they receive payment in property at the time.

There seems to be desired a vast system of Government banking, which must, until human nature changes, cost in salaries and stealings and mismanagement, far more than would be saved to the Government as the interest withheld upon the entire circulating medium. The Government will pay out these tokens directly to bondholders, public servants, and other persons who have demands against it. It will thus become their property. Will they part with it until it is paid for with other property equally valuable, or if

loaned, until fully secured with interest? How, then, has this process benefitted any one? Certainly it has not, unless the issued currency is worth less than the medium in which the nation was under obligation to pay, in which case something would be saved by robbing the creditors of the American people. Some have a vision, too, of saving interest upon capital by the Government opening broker's offices in every city, village, and corner grocery of the country, and delivering money which it is never to pay to everybody who is short, either with or without security, it makes no difference which; for in the first place the money would have no value, and in the next, if it had, the result would be that in many cases the Government would be cheated in securities; by fraud or incapacity of the innumerable agents it would be obliged to employ in transacting a business now performed by more than two thousand banks, and a multitude of brokers and private bankers which no man can number; by making investments, ascertaining responsibility of borrowers, and managing and collecting loans; and the Government would soon find itself a party to every law-suit and controversy in the country, foreclosing mortgages, selling out securities—in short, transacting the private business of the American people.

DUTY OF THE NATIONAL BANKS.

The banks suffer with all classes in this time of depression and gloom. They are rapidly surrendering their circulation. More than \$33,000,000 are already given up, and the best authorities anticipate the surrender of at least five millions monthly until business revives. Yet such are their resources that they cannot fail; but their financial strength and power of ready combination place them in a position to uphold both public and private credit in this emergency, and by so doing they may endear themselves to the people and perpetuate the system in the confidence of the country. It is an opportunity which both wisdom and patriotism must prompt them to embrace; a duty which they are under strong moral obligation to discharge, and neglect of which will insure their condemnation in the public judgment and lead to the final destruction of the system itself. The national banks exercise, under restrictions of law, in trust for the people, a portion of the sovereign power; that of furnishing a part of the currency money of the land. Such a trust cannot be managed and enjoyed merely as a profitable privilege for private gain. Those who control these institutions are bound to remember their high functions and their semi-official relations with the Government and to the whole American people. They should cherish broad views and elevated sentiments; they should pursue that financial policy which shall disarm unfriendly criticism, relieve the burdens of industry, liberate the wheels of traffic and production, and place the financial condition of the country upon the indestructible basis of an elastic currency interconvertible with coin.

Every bank holds the chartered right to exist for twenty years from its inception, provided it does not violate the conditions of the organic law; and the current threat of their abolition against their consent is impossible of execution without the destruction of vested rights. It is, therefore, far better for the

peace and prosperity of the country that the people should so understand it. Honest statesmanship owes, and will ever pay, candor to its constituency. The system will remain, certainly until this crisis is past, and we must deal with it as one element of the situation; and should these institutions rise with the occasion, they are our chief reliance; but should their conduct be antagonistic to the public good, should they degenerate into mere corporate Shylocks, illustrating anew the old saw that corporations have no souls; should they crush the credit and business of the country, by grasping enforcement of their claims and destruction of securities by ruinous rates of interest extorted from the necessities of prostrate industries, which should be fostered and stimulated by forbearance and by largely reduced rates of discount, it will be, and ought to be found most difficult to restrain the people from the indignant abolition of the entire system, regardless of consequences to the banks as well as to themselves.

FORCED LIQUIDATION OF THE BANKS.

The liquidation of the banks involves the collection of all their loans, amounting now to more than \$1,000,000,000; and there is not a business man in the country who does not know that this process, arbitrarily enforced, involves the sacrifice of his property, pledged as collateral security, for a song, and general bankruptcy, by which enormous masses of property would fall into the hands of the banks. It is no sufficient reply to this to say that the loan and discount department of the banks could continue in operation after compulsory withdrawal of the national circulation; for while some of the heavy city banks might continue simply as banks of deposit, yet the great mass of these two thousand money centres, scattered all through the country, in these hard times, would be prostrated by the loss of the small margin of profit on circulation, and, preferring to rely upon the interest of their bonds only, would retire from the risks of business and cease to exist at all. And what then? After ten years of uncertainty, anxiety, and ruin, what will be substituted in their stead? All the problems which now perplex us will remain. The national debt will remain. Gold value will still be the measure of the world, and the same inexorable necessity of conformity to it will remain, and, after the loss of ten years of production and the destruction of the hopes, energies, and happiness of a generation, we or our children shall begin once more in sadness at the foot of the hill.

I am under special obligation to you, sir, and to the House for this extended courtesy, but I shall seldom trespass upon the attention of this honorable body.

Our country has completed the first century of her history, and now turns with gratitude, courage, and hope to the solution of the great problems and to the achievement of the grand possibilities of her illustrious destiny. Seven terrible years of blood won her independence from the world, and the tremendous internecine conflict of this generation has decreed the integrity and sovereignty of the American Union. We are a nation. A few men who have learned nothing while the foundations of the great deep were broken up are still harping

of State rights and sovereignty. Should their physical lives be spared until the tramp of judgment sounds, they would mistake it for the bugles of Beauregard signaling the bombardment of Sumter and the war of 1861. But these men are of the dead past. To them there is no future. Their voices will soon grow husky with time and their forms will disappear with their long-departed theories in the peaceful bosom of our common mother.

The nation is a unit. The man who now knows a North, a South, an East, or West, is a traitor in his heart. The future of this country is not in the hands of traitors or fossils. Inexorable destiny has made every man free, and our destiny is greater than we know. But our fate now lies in the just settlement of the great economic questions of the day. The laws of eternal justice will assert themselves, so will the fundamental principles of industrial economy, for they are founded in morality and necessity. They will be vindicated by the prosperity or destruction of the nation, according to the election it shall make of integrity or fraud as the touchstone of its policy. The credit of the honest man is sure, and the nation can carry its burdens for generations only by preserving its reputation for scrupulous good faith. Neither can we preserve the high sentiment of patriotism in the citizen if there is a taint of dishonor upon the now bright shield of our national integrity.

No matter what clamor may fill the air for retrenchment, reform, and purity in the civil service, the great basic question before the country is, Will the American people keep their word and tell the truth by their deeds? Can the stream rise higher than the fountain? And will a people who vote to defraud their creditors be likely to maintain elevated morality in a government purely representative? All reform, all hope of permanent reform is in the essential honesty, self-sacrifice, and vigorous enterprise of the common people of the land. Every citizen, in private as well as in public station, is responsible; and while he denounces with unsparing tongue and pen all venality in high places, let him reflect upon his own life, and see whether he has not cheated his washerwoman or needlessly enforced his mortgage upon some poor man's cow. The man who finds none but villains in public or private life may thank God for the mercy, or luck, which has thus far enabled him to cheat the gallows of himself.

The retrenchment and reform which alone will bring permanent relief to this country are radical. They must be everywhere. Denouncing others, we must not forget ourselves; but listening to the still small voice of conscience and self-review, begin the renovation of the Republic in the bosom of the family and the silence of the individual heart. As a whole, the American people have never failed to manifest exalted sentiments and heroic devotion to all that ennoble human nature both in peace and in war. Financial adversity is now testing them in its fiercest fires. But let no man despair of the Republic. The integrity of the nation is sure, its courage indomitable, its resources boundless, and its prosperity, glory, and perpetuity are built upon the eternal rock.

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